

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SJR 836

February 19, 2020

SUMMARY OF BILL: Ratifies the increase of the 911 surcharge collected by dealers of communications services or prepaid communication services, from \$1.16 to \$1.50, effective January 1, 2021.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$12,533,500/FY20-21/

**911 Emergency Communications Fund
\$25,066,900/FY21-22 and Subsequent Years/
911 Emergency Communications Fund**

Assumptions:

- Pursuant to Tenn. Code Ann. § 7-86-128, the Tennessee Emergency Communications Board (TECB) may increase the surcharge; however no increase shall take effect until ratified by a joint resolution of the General Assembly.
- On August 7, 2019, the TECB voted to increase the 911 surcharge from \$1.16 to \$1.50.
- According to tax returns data, 75,230,919 surcharges were made during FY18-19.
- Pursuant to Tenn. Code Ann. § 7-86-128(a)(1), communications services dealers are permitted to retain two percent of the collections on 911 surcharges.
- Pursuant to Tenn. Code Ann. § 7-86-128(f)(5), the Department of Revenue (DOR) is authorized to deduct an administration fee of 1.125 percent of the collected charges. According to DOR, this administration fee is not deducted.
- The increase per surcharge is \$0.34 (\$1.50 – \$1.16); therefore, the recurring increase in state revenue to the 911 Emergency Communications Fund, beginning in FY21-22, is estimated to be \$25,066,942 [(75,230,919 x \$0.34) – (75,230,919 x \$0.34 x 2%)].
- The proposed language is effective January 1, 2021; therefore for FY20-21 the increase in state revenue to the 911 Emergency Communications Fund is estimated to be half of that which will be experienced in a full fiscal year. The increase in state revenue in FY20-21 is estimated to be \$12,533,471 (\$25,066,942 x 50.0%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

/jrh